

Consensus Plan shortcomings:

1. Nextel won the 700 guard band for what purpose? It can't be used for cellular, 51% must be leased off to non affiliated parties, and it has some TV incumbents. This spectrum was carved out to prevent interference to public safety and provide B/ILT / high site SMR etc. with frequencies they can use for primarily dispatch applications. Nextel is proposing to swap this spectrum for 1900 MHz spectrum and let public safety use this guard band 700 spectrum. This plan won't work for public safety because they will be next to 700 cellular which will cause similar interference problems to what they are experiencing in the 800 MHz band. Also this spectrum has TV incumbents in many markets rendering it useless at the present time. Nextel states that they should get spectrum at 1900 MHz to be made whole for the spectrum they are giving up. Nextel isn't giving up spectrum they can use; they are giving up spectrum that small business was supposed to use through the band manager program. Nextel should be forced to keep the 700 spectrum and abide by the rules of band management, or return the spectrum to the FCC for reauction.
2. The consensus plan devalues the licenses of both the 800 and 900 MHz high site technology license holders while increasing the value of low site technology license holders (Nextel). This plan takes away the ability to upgrade to a more spectral efficient low site digital system in the future for high site license holders. The consensus plan also calls for Nextel to abandon the 900 MHz frequencies in exchange for 1900 MHz frequencies. Nextel was allowed to purchase the 900 spectrum to facilitate developing 900 MHz IDEN equipment in this band and to integrate this with their 800 IDEN system. If Nextel leaves the 900 band then there will not be any one large company to help drive down costs of this spectral efficient technology, therefore making it more costly to implement enhanced SMR technology at this band for other smaller operators. Nextel stated in one of there public interest statements when purchasing 900 channels that their conversion of these frequencies from "conventional analog systems to high quality digital systems, including voice and dispatch-like services would fuel competition and innovation among Commercial Mobile Radio Service providers." I agree with this statement and think that is why many thought that allowing Nextel to purchase the 900 channels was in the public interest. I believe Nextel now wants to change these frequencies for 1900 MHz to better align themselves with other carriers for merger or acquisition possibilities in the future. Allowing this spectrum swap would reduce competition and make it more difficult for smaller SMR operators to roll out innovative digital systems. This runs contrary to the public interest. Nextel should be forced to keep and develop their 900 IDEN licenses like they promised in the Public interest statements they filed when they bought the licenses.

3. Nextel will benefit from the rebanding of the 800 MHz band by aligning their frequencies in a contiguous manner right next to cellular channels while also eliminating interference issues. This should be incentive enough for Nextel to fund the entire rebanding process. The value of contiguous cellular spectrum is easily shown by looking at the FCC auction history. Nextel stands to dramatically increase the value of their company and its spectrum through this rebanding of the 800 MHz spectrum.

Attempt to Solve all Solution:

The FCC should offer the 1900 MHz spectrum that Nextel wants to Nextwave and Urban instead of the spectrum they won at auction and then defaulted on due to bankruptcy. Nextwave could then continue with its plan to be a carriers carrier, maybe the FCC could facilitate a merger or spectrum lease between Nextel and Nextwave as part of this settlement. Then the FCC would be able to enforce the winning bids from auction #35 and issue the licenses. Next the FCC could use the 16 Billion in proceeds from auction #35 to help clear analog 700 MHz TV stations. Auction half of the 700 MHz spectrum from the delayed auction #31. Designate the other half of spectrum from auction #31 to public safety. Use auction #31 proceeds and Nextel pledges to move "affected public safety" to new 700 MHz spectrum. Reposition 700 guard band frequencies from auction #33 between 700 cellular and public safeties 700. Adopt Motorola rebanding 800 plans that were submitted on 08/07/02 where it is mutually agreeable amongst all parties. Allow high site 800 license holders the option to be relocated to the upper 800 portion of the band if they so desire. This would allow them to migrate to low site technology in the future if they so desired. Require/Allow Nextel to turn back in their 700 MHz guard band spectrum, they don't seem to want it and this way it won't sit unused. Reauction the guard band spectrum to the qualified applicants of auction #33 so this spectrum will be utilized for what it was intended.

This plan would give Nextel better more contiguous spectrum at 800 MHz. They would have the option to merge or lease channels from Nextwave to acquire the 1900 spectrum they wanted, and be able to return the 700 guard band spectrum that they can't use for their core business. The refunded money from the 700 guard band auction to Nextel would almost pay their entire pledge of 500 million to help with the rebanding at 800 MHz.

Public Safety gets less interference and additional spectrum.

Auction 35 PCS C block winners get the spectrum they wanted and bid for during the auction process.

Nextwave and Urban share a Nationwide PCS block. A more than fair trade for their C block licenses.

The FCC gets to put the Nextwave fiasco behind them, have funds to clear incumbent TV users at 700 MHz, issue more spectrum to public safety and alleviate interference issues in the 800 MHz band.

Business/Ilt/SMR users at 800 and 900 get to maintain the value of their spectrum and have the ability to migrate to low site digital technology. Small business would still have the option of a potential exit strategy with Nextel or other Cell carriers which in turn stimulates the economy. This group would also have real access to all of the 700 guard band frequencies after the reauction of this spectrum.